

NEBRASKA BOARD OF PUBLIC ACCOUNTANCY

140 N. 8<sup>th</sup> Street, Suite 290, Lincoln, Nebraska

Minutes

**September 21, 2007**

**Draft Minutes. Minutes are not approved until the next Board meeting.**

**1. General**

- A. Call to Order and Roll Call.** The Nebraska Board of Public Accountancy (Board) was called to order at 8:35 a.m. on Friday, September 21, 2007 with Chair Jim Titus, presiding. The roll was called with the following members present: Jim Titus, William Nuckolls, Anne Fuhrman, Kate King Wu, Doug Skiles, Richard Zacharia, and Michael Wassinger. Member Tom Obrist was absent. Also present were Executive Director Dan Sweetwood, Staff members Kelly Ebert and Jo Lowe, and Board Intern Natalie Pape. Visitors were: Ken Bishop, NASBA Mobility Task Force Committee Chair, Dan Vodvarka, Nebraska Society of CPAs President, and Michele Stromp, KPMG LLP. The meeting was held at the Board Office at 140 N. 8<sup>th</sup> Street, Suite 290, Lincoln, Nebraska. Chair Titus noted the location of the notebook containing the Public Open Meeting Act and asked if anyone present needed an agenda or had any questions regarding the law.
- B. Approval of Meeting Agenda for September 21, 2007.** Moved by Nuckolls, seconded by Zacharia, to approve the agenda for the September 21, 2007 meeting. On a roll call vote, Members Titus, Fuhrman, King Wu, Nuckolls, Skiles, Wassinger, and Zacharia voted aye. Member Obrist was absent. Motion #1 carried.
- C. Approval of Minutes from July 18, 2007.** Moved by King Wu, seconded by Fuhrman, to approve the Board minutes from the July 18, 2007 meeting. On a roll call vote, Members Titus, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, Wassinger, and Zacharia voted aye. Motion #2 carried.

**2. Public Comment Period (15 minute period)**

Dan Vodvarka, Nebraska Society of CPAs (NSCPAs) President, thanked NBPA ED Sweetwood for attending the NSCPAs Board of Directors meeting in August to give an update on NBPA and answer any questions. Vodvarka reported that the NSCPAs sent endorsement letters to the Governor for the NBPA reappointment and the new public member. The NSCPAs Annual Meeting will be November 6-7, 2007, Holiday Inn, Omaha, with the recognition luncheon on November 6.

**8. A. Report of Legislative Committee**

- A. Report of the Committee.** Ken Bishop, Chair of NASBA Mobility Task Force Committee, was present. He reported on mobility laws with other states,

NEBRASKA BOARD OF PUBLIC ACCOUNTANCY  
140 N. 8<sup>th</sup> Street, Suite 290, Lincoln, Nebraska

Minutes  
September 21, 2007

reviewed mobility concerns provided by the Board, and answered Board questions.

**3. Consent Agenda**

- A. Published Notice of Meeting.** Moved by King Wu, seconded by Wassinger, to approve the consent agenda. On a roll call vote, Members Titus, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, Wassinger, and Zacharia voted aye. Motion #3 carried.
- B. Approval of Disbursements.** Board Secretary Nuckolls reviewed the disbursements. Disbursements for July and August 2007 were approved.
- C. Review of Board Budget Status Report.** The Budget Status Report was provided. Executive Director Sweetwood answered questions regarding the current 2008-2009 fiscal year budget. It was noted that approximately \$19,000 in encumbrances from FY 2007 will be carried over into the FY 2008 budget as reflected through additional appropriations by State Accounting.
- D. Office Management Report.** The Office Management Report was provided.

**4. Report of the Chair**

- A. Report of the Chair.** Chair Titus gave the report.
- B. Resolution for Nuckolls.** Chair Titus recognized Member Nuckolls for his eight years of service to the Board with a framed resolution. Motion out of Committee to enter the resolution into the minutes. On a roll call vote, Members Titus, Fuhrman, King Wu, Obrist, Skiles, Wassinger, and Zacharia voted aye. Member Nuckolls abstained. Motion #4 carried.

**RESOLUTION**

*WHEREAS, William C. Nuckolls, served as a Member of the Nebraska State Board of Public Accountancy from 1999 to 2007; and*

*WHEREAS, William C. Nuckolls, during his term as Member of the Board, served in guiding and directing the activities of the State Board as:*

<i>1999-2000</i>	<i>Member of the Continuing Professional Education Committee</i>
<i>2000-2001</i>	<i>Board Secretary</i>
	<i>Chair of the Exam and Licensing Committee</i>
	<i>Member of the Legislative Committee</i>
<i>2001-2002</i>	<i>Member of the Continuing Professional Education Committee</i>
	<i>Member of the Exam and Licensing Committee</i>
<i>2002-2003</i>	<i>Member of the Continuing Professional Education Committee</i>
	<i>Member of the Exam and Education Committee</i>
<i>2003-2004</i>	<i>Member of the Continuing Professional Education Committee</i>
	<i>Member of the Exam and Education Committee</i>
<i>2004-2007</i>	<i>Board Secretary</i>
	<i>Chair of the Continuing Professional Education Committee</i>
<i>2006-2007</i>	<i>Member of the Education and Exam Committee</i>

NEBRASKA BOARD OF PUBLIC ACCOUNTANCY

140 N. 8<sup>th</sup> Street, Suite 290, Lincoln, Nebraska

Minutes

**September 21, 2007**

*THEREFORE, THE MEMBERS OF THE NEBRASKA STATE BOARD OF PUBLIC ACCOUNTANCY gratefully record their recognition of service of William C. Nuckolls by adopting the following Resolution:*

*BE IT RESOLVED, that the Members of the Nebraska State Board of Public Accountancy extend their sincere appreciation to William C. Nuckolls for his service as a Member of the Nebraska State Board of Public Accountancy.*

*BE IT FURTHER RESOLVED, that a copy of this Resolution be incorporated into the minutes of the Board, and further that a copy of this Resolution be presented to him.*

*Adopted this 21st day of September 2007*

*by the Nebraska State Board of Public Accountancy*

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*Jim R. Titus, Chair*

*Nebraska State Board of Public Accountancy*

- C. 2007-2008 Committee Appointments.** Committee appointments were made by Chair Titus.
- D. Set future Board meeting dates.** The Board set the following meeting dates for 2008: January 3-4 (4 if only one day)
  - March 20
  - May 1-2
  - July 17
  - September 18-19
  - November 13-14
- E. Review Board Calendar.** The NASBA Western Regional Meeting will be June 18-21, 2008 in Newport Beach, CA. The NASBA Annual Meeting is October 26-29 in Boston, MA.
- F. Report on To Do List**

**Closed Session**

**Closed Session.** Moved by Zacharia, seconded by King Wu, that the Board go into closed session at 12:55 p.m., for the purpose of updating the Board about current open enforcement cases, to discuss litigation matters, and to review disciplinary matters. On a roll call vote, Members Titus, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, Wassinger, and Zacharia voted aye. Motion #5 carried. Chair Titus restated that the purpose for the closed session was to update the Board about current open enforcement cases, to discuss litigation matters, and to review disciplinary matters.

**Return to Open Session.** Moved by Zacharia, seconded by King Wu, that the Board return to open session at 1:34 p.m. On a roll call vote, Members Titus, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, Wassinger, and Zacharia voted aye. Motion #6 carried.

NEBRASKA BOARD OF PUBLIC ACCOUNTANCY

140 N. 8<sup>th</sup> Street, Suite 290, Lincoln, Nebraska

Minutes

September 21, 2007

**5. Report of Enforcement of Professional Conduct Committee**

- A. **Open Case /LMCO Update.** The Enforcement Committee met to review open cases on August 10, 2007. Chair Zacharia reviewed the open cases. Motion out of Committee to recommend Case #07-06 move to formal hearing and to direct Robert Gritmit, Board Attorney, to prepare and file a complaint against the named person, for alleged violation of:

- Public Accountancy Act 1-157. Accountant or auditor; use of terms; when permitted.
- Public Accountancy Act 1-135. Public accounting; offices; registration; fee; manager; restrictions on use of title.
- Public Accountancy Act 1-136 (3) Public accounting; permits; issuance; annual fee; failure to renew; effect.
- Public Accountancy Act 1-136.01 Permit; renewal; professional development;
- Title 288 Rules and Regulations Chapter 3 001.09 "Holding out to the public as a permit holder." Violation of the definition.
- Title 288 Rules and Regulations Chapter 3 001.17 Practice of Public Accountancy definition.
- Title 288 Rules and Regulations Chapter 5 004.02 Auditing Standards.
- Title 288 Rules and Regulations Chapter 5 007.01 Acts Discreditable
- Title 288 Rules and Regulations Chapter 5 007.03 Form of Practice

On a roll call vote, Members Titus, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, Wassinger, and Zacharia voted aye. Motion #8 carried.

The Board discussed and determined the process that those on the certificate revocation list, for non-renewal of active permit for three years or more, may have a hearing before the Board or in lieu of a hearing, sign the Stipulation Consent Order, with \$250 administration fee and pay a \$100 fine for each licensing period missed in order to return to inactive status with the Board. Moved by Skiles seconded by King Wu, that for those whose permit has lapsed for three or more years, and who want to return to inactive status with the Board, in lieu of a hearing, sign the Stipulation Consent Order, with \$250 administration fee, and pay a \$100 fine for each licensing period missed. On a roll call vote, Members Titus, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, Wassinger, and Zacharia voted aye. Motion #9 carried.

- B. **Recommended Closure of Enforcement Cases.** In Case #04-22, the Board and the CPA agreed to a settlement following execution of a Stipulation and Consent Order requiring probation and additional CPE. Case #06-10 had no further pending issues with other agencies. Case #07-10 had no further requested information provided by the complainant. Moved by Zacharia, seconded by Skiles, to close cases #04-22, #06-10, and #07-10. On a roll call vote, Members Titus, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, Wassinger, and Zacharia voted aye. Motion #7 carried.
- C. **Report on To Do List.** There was no report at this time.

NEBRASKA BOARD OF PUBLIC ACCOUNTANCY  
140 N. 8<sup>th</sup> Street, Suite 290, Lincoln, Nebraska

Minutes  
September 21, 2007

**6. Report of Continuing Professional Education (CPE) Committee**

- A. Report of the Committee.** Committee Chair Nuckolls gave the report. Staff Kelly Ebert was present to answer Board questions. The Committee reviewed 98 courses from July 10 to September 6, 2007. The Committee expects to review the CPE Guidelines in 2008. Online CPE reporting will be operational October 1, 2007.
- B. Ratification/Denial of Staff Program Qualification Evaluations.** Motion out of Committee to approve 98 courses reviewed from July 10 to September 6, 2007. On a roll call vote, Members Titus, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, Wassinger, and Zacharia voted aye. Motion #10 carried.
- C. Ratification of CPE Sponsors.** There were no sponsor applications at this time.
- D. Report on To Do list.** The To Dos are listed in the Committee Report.

**7. Report of Education & Exam (E&E) Committee**

- A. Report of the Committee.** Committee Chair Skiles reported that the Educational Advisory Committee (EAC) was set to meet on Friday, October 12, 2007 with the main agenda item to be the revised UAA Rules Chapter 5-1 and 5-2.
- B. Approval of UN-L Courses to meet Title 288 Chapter 9 Educational Requirements.** Motion out of Committee to approve the revisions to UN-L courses to meet Title 288 Chapter 9 Educational Requirements. On a roll call vote, Members Titus, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, Wassinger, and Zacharia voted aye. Motion #11 carried.
- C. Draft UAA Rules 5-1 & 5-2 Revisions.** Committee Chair Skiles reported that the proposed changes to UAA Rule 5-1 & 5-2 had been distributed by the NASBA Education Committee and were in the process of review and approval. Chair Skiles is a member of the Committee.
- D. Report on To Do List.** There was no report at this time.

**8. Report of the Legislative Committee**

NEBRASKA BOARD OF PUBLIC ACCOUNTANCY

140 N. 8<sup>th</sup> Street, Suite 290, Lincoln, Nebraska

Minutes

September 21, 2007

- B. **Proposed Changes to Title 288 Chapter 7/Temporary Practice.** During his presentation, Ken Bishop, NASBA Mobility Task Force Chair, offered to provide a sample mobility statute for Nebraska to explore the implications of mobility within the current Public Accountancy Act (PAA). The attorney general's office could be requested to review the document for concerns with the PAA. The Board asked Bishop to provide the document. ED Sweetwood gave a brief history and the motivations in creating the draft of the temporary practice rule, and then thanked the Legislative Committee for their hard work in the development of the temporary practice rule.
- C. **Report on To Do List.** There was no report at this time.

**9. Report of Quality Enhancement Program (QEP) Committee**

- A. **Report of the Committee.** Committee Chair Fuhrman reported that practitioners' responses to 29 Type 3 and 10 Type 4 reports were reviewed. The Committee met to set recommendations for improvement. The practitioners appreciated the information provided by the Committee. The most common errors will be sent to all practitioners. Motion out of Committee to use Midwest Microsystems software and laptops for the 2008 QEP programs for reviewers ease in recording comments and staff efficiency in providing reports to practitioners. On a roll call vote, Members Titus, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, Wassinger, and Zacharia voted aye. Motion #12 carried.
- B. **Ratification of Final Determination of Type 3 & 4 2007 QEP Reports.** Motion out of Committee to approve the QEP Committee's final determination for Type 3 & 4 2007 QEP reports. On a roll call vote, Members Titus, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, Wassinger, and Zacharia voted aye. Motion #13 carried.
- C. **Report on To Do List.** There was no report at this time.

**10. Report of the Licensing Committee**

- A. **Report of the Committee.** Committee Chair Obrist gave the report. The Committee is comfortable that no unusual issues have appeared with the 4 in 10 reciprocal certificate application process. Staff may process applications as received. The Committee approved revisions to the 4 in 10 reciprocal certificate application form. A decline in the number of inactive renewals was discussed.
- B. **Recommendation for Complaint and Hearing to Revoke Certificates for Non-renewal of Active Permits after three years PAA 1-137 (9).** The list of 21 active permit non-renewals from 2004 and prior years was provided to the Board. Motion out of Committee to recommend to the Board that there is probable cause and to file a complaint and notice of hearing against the list of 1995-2004 permit non-renewals per PAA 1-137(9). On a roll call vote, Members Titus, Fuhrman,

NEBRASKA BOARD OF PUBLIC ACCOUNTANCY  
140 N. 8<sup>th</sup> Street, Suite 290, Lincoln, Nebraska

Minutes  
**September 21, 2007**

- King Wu, Nuckolls, Obrist, Skiles, Wassinger, and Zacharia voted aye. Motion #14 carried.
- C. **Ratification of initial permits to practice issued, certificates issued, firm permits.** Motion out of Committee to recommend Board approval of the permits to practice, certificates, and firm permits, issued between July 19, 2007 and September 15, 2007. On a roll call vote, Members Titus, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, Wassinger, and Zacharia voted aye. Motion #15 carried. The hearing will be scheduled for the November 2007 Board meeting.
- D. **Reinstatements to Active Permit, Inactive Retired Affidavits, Surrendered Certificates.** Motion out of Committee to recommend Board approval of the reinstatements, inactive - retired affidavits, and surrendered certificates received between July 19, 2007 and September 15, 2007.
- |                                     |   |
|-------------------------------------|---|
| <b>Reinstatements:</b>              | None at this time   |
| <b>Inactive-Retired Affidavits:</b> | Robert E. Newman, CT<br>Edward G. Buttner, PA   |
| <b>Surrendered Certificates:</b>    | David Bayens, Denver, CO<br>William McCue, MN<br>Duane Polodna, Omaha, NE<br>Dennis Renner, IA<br>William Scheffel, MO<br>Myron Siebrecht, IA |
- On a roll call vote, Members Titus, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, Wassinger, and Zacharia voted aye. Motion #16 carried.
- E. **Report of To Do List.** There was no report at this time.

**11. Report of the Executive Director**

- A. **CLEAR Conference Report.** ED Sweetwood reported on the value of the conference held in Atlanta, GA, covering topics related to regulation and enforcement. He thanked the Board for allowing him to continue his professional education.
- B. **Nebraska.gov Update: CPE Online Reporting.** The CPA online reporting is set to launch on October 1, 2007. A letter with login and a postcard with password have been mailed to all licensed CPAs.
- C. **Board Budget/Fiscal Year 08-09.** Ed Sweetwood reviewed the Budget and noted that there are approximately \$19,000 in encumbrances carried over to 2008-2009 budget.
- D. **Staffing & General Office Issues.** ED Sweetwood, disappointedly, noted that neither staff members Jo Lowe nor Kelly Ebert received a pay increase for FY2007 as a result of the comparability study and NAPE union contract. Both will receive a 2.5% increase on their employee anniversary dates as set in the NAPE contract for FY 2008 and 2009.
- E. **Report on To Do List.** There was no report at this time.

NEBRASKA BOARD OF PUBLIC ACCOUNTANCY  
140 N. 8<sup>th</sup> Street, Suite 290, Lincoln, Nebraska

Minutes  
**September 21, 2007**

**12. New Business**

- A. National Association of State Boards of Accountancy (NASBA) Items.**
  - 1.) NASBA FYI's.** Articles related to NASBA were provided to Board members.
- B. FYI Articles.** Articles related to the public accounting profession were provided to Board members.

**13. Adjournment**

Moved by Wassinger, seconded by King Wu, to adjourn the meeting at 2:54 p.m. on Friday, September 21, 2007. On a roll call vote, Members Titus, Fuhrman, King Wu, Nuckolls, Obrist, Skiles, Wassinger, and Zacharia voted aye. Motion #17 carried.

Respectfully submitted by,

Anne K. Fuhrman  
Board Secretary